

January 2026

FUND MANAGERS COMMUNICATION



Global Market:

During the year 2025 - S&P 500 was up 17.3%, Nikkei up 26.2%, Nifty 50 up by 10.5%. The year witnessed lot of volatility led by news flow around US tariff & geopolitics. Precious metals has seen strong rally led by safe heaven demand. Majority of large equity markets have posted positive returns despite volatile news flow.



Domestic Market:

GST Collection: GST collection in December month was ₹1.75 Lakhs crore, marking a 6.1% year on year growth.

CPI Inflation: After hitting a record low in Oct'25, CPI inflation rose to 0.7% in Nov'25, With the softer inflation backdrop, the RBI is likely to stay growth supportive.

Auto Numbers: India's automotive OEMs posted healthy volume prints for December 2025. It was primarily driven by sustained demand momentum led by GST rate cuts, which lowered the vehicle prices. CV & Tractor segment outperformed peers for Dec'25. Overall there has been healthy growth across the segments.

PMI: The S&P Global HSBC Manufacturing PMI for India came at 55 in December. (Manufacturing PMI data is an economic indicator that measures the activity level in the manufacturing sector. It is based on a survey of purchasing managers across manufacturing industries and provides insights into business conditions, including production, new orders, employment, supplier delivery times, and inventory levels).

Core sector growth rebounded to 1.8% in Nov'25 after contracting in Oct'25 (-0.1%), led by strong performance in the steel and cement sectors amid buoyant infrastructure spends. Steel (6.1%) and cement (14.5%) continued to outperform on the back of strong construction and infrastructure activity. Growth in the first seven months of FY26 stood at 2.4%, compared to 4.4% in the same period last year.

IIP: India's Nov'25 IIP rebounded sharply to 6.7% y/y from the weak Oct'25 (0.4%) print, driven by post-festive normalization. The recovery was broad-based, led by strong manufacturing growth of 8%, a 25-month high, supported by strong performance in basic metals and pharmaceuticals.

Funds Flow: FII flows were negative in the month of December 2025 at ₹23824 crores, DII flows remained healthy with positive inflows of ₹34111 crores during the month.

Equity Market Outlook:

Q3FY26 Results will be starting in the coming weeks, there can be a turning point in corporate profitability led by lower base of last year, supported by dual benefits of tax cut & interest rate transmission in the economy. After prolonged monsoon in Q2, business activity has picked up on execution front and benefits will be visible in coming quarters. We have already witnessed improvement in Q2FY26 results season for selected companies & with improved outlook on profit growth for companies, Indian equity markets would see gradual recovery in coming quarters.

Investments by Foreign banks and Institutions in few banks and NBFC in recent few months have been encouraging to attract long term growth capital and highlights the positive policy framework from RBI and Indian Government to attract foreign capital for long term.

Any dip or corrections would provide good opportunity for Lum-sum as well as top up on existing investments. We remain constructive on Indian economy and Indian equities for long term.



Regards,
Mayur Shah
(Fund Manager-Anand Rathi Advisors Ltd.)

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